GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

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GLOBALISATION OF SMALL SCALE SECTOR
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Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a): whether due to massive globalization and onslaught of multinational companies` FDI, the small scale industries are being marginalized or closed down;

(b): if so, the estimated loss of Gross Domestic Product (GDP) due to such marginalization;

(c): the steps taken by the Government to protect the interests of small scale industries;

(d): the growth rate of small scale industries and its contribution to GDP during 2005-06 and -07, separately; and

(e): details of factors attributed to the increase in the growth rate of small scale industries?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): No, Sir. The micro and small enterprises (MSE) sector has registered a continuous increase in the number of enterprises, production and persons employed.

(c): In the wake of trade liberalization, the Government has put in place several measures to help MSEs become globally competitive. These include special focus on technology upgradation, infrastructure assistance through the cluster approach, more timely availability of credit, adoption of modern management practices, use of electronic infrastructure and other information technology (IT) applications, marketing and timely information dissemination to help the MSEs face the emerging challenges of globalization. Besides, protection is available in

the form of raising customs duties up to the bound levels, imposing anti-dumping duties, taking safeguard measures in case of surge in imports, etc. Further, the Government has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and announced a `Package for Promotion of MSEs` to facilitate the promotion and development of MSEs and enhancement of their competitiveness.

(d): As per the latest available data, the estimated growth rate of MSE sector and their coribution to GDP during 2005-06 were 12.32% and 5.83% respectively.

(e):Besides the inherent resilience of the MSEs in successfully adapting to the changing globalized environment, the policy measures taken by the Government for their promotion and development has helped the MSE sector in achieving a higher growth rate.